

Accountable Care Organization Overview

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November 20, 2013

Wellmark Sustainability Goal

Together with physicians, hospitals, customers, and other stakeholders, we will collectively transform the health care system in Iowa and South Dakota by reducing and sustaining the percentage increase in the annual health care costs (trend) for our Iowa and South Dakota members to equal the rate of inflation (measured by the Consumer Price Index – CPI).

Establishment of Accountable Care Organizations (ACOs) is one strategy Wellmark is pursuing to meet the sustainability goal.

What is an ACO?



ACO Definition

A local health care organization that assumes accountability for the quality and cost of care delivered to a defined population.

If you've seen one ACO...

You've seen one ACO. The Wellmark model varies from other Blues plan models, other commercial models, and the Medicare model.

Details

- **No change to existing payment methods — places accountability to manage the care and budget of a specific population**
- **Effective primary care is at the core**
- **Requires member attribution to a primary care physician**
- **Works best with health care organizations that have a significant number of members**
- **Multi-year agreements**
- **Total cost of care agreement**
- **Shared savings/losses**
- **Quality targets and incentives**
- **Risk adjustment**

- **An ACO is not a Product** – existing Wellmark products remain in place
- **An ACO is not an “Organization”** – Wellmark is not entering the health care delivery market
- **An ACO does not change existing payment methods** – this is a separate Agreement with a Shared Savings/Losses payment method in addition to fee for service payment

PMPM Definition

Per Member Per Month or PMPM is the total cost of care per member per month calculated using the Allowed Amount for inpatient, outpatient, professional, and pharmacy services.

Allowed Amount Definition

Wellmark's payments for Covered Services; includes deductible, coinsurance, and copayment amounts members pay for those services

Details

- **There are two targets:**
 - **CPI PMPM**
 - **Wellmark trend PMPM**
- **The PMPM comes from the Members attributed to your ACO**

Component 2 – Shared Savings Trigger



Shared Savings Definition

As a condition of making a Shared Savings Payment, certain quality measures must be equal to or better than target.

Details

- **Primary & secondary prevention**
- **Chronic & follow-up care**
- **Tertiary Prevention**
- **Continuity of Care**

Financial targets

- **ACO Payment System is a shared savings/losses model**
- **The options are 20, 30, 40, 50, 60 or 70 percent of the applicable Shared Savings or Shared Losses**
- **Shared Losses are introduced in Performance Year 3**
- **There are two target PMPMs – CPI trend and Wellmark trend**

Component 4 – Quality Incentive Payment

Quality Incentive Payment

- Additional component of the ACO Payment System
- Quality Incentive Payment is made when the Shared Savings Trigger is “on” and the ACO achieves a quality target

Three quality incentive targets

- **ACO compared to the network**
- **ACO compared to itself**
- **ACO compared to best practice**

The Quality Incentive Payment is a percentage of the Shared Savings.

Real-Time Tools Definition

Web-based programs provided to the ACO by Wellmark.

What tools are provided

- **ACO Payment Manual**
- **VIS Business Rules**
- **Performance dashboards**
- **Reports and data including but not limited to:**
 - **Financial**
 - **Population**
 - **Preventable**
 - **Quality**
- **Data refreshed monthly with current information**



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